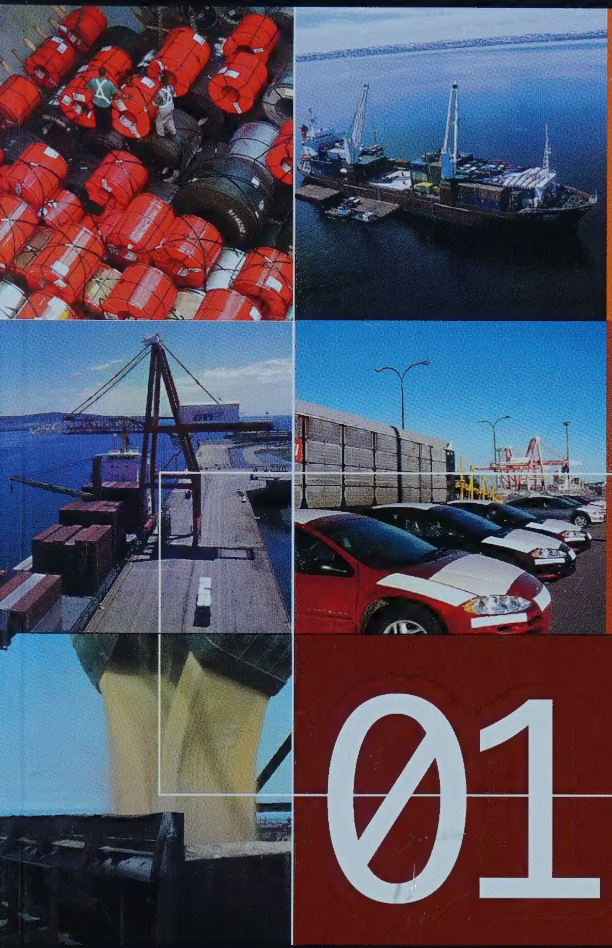
TRADITION 50 INNOVATION



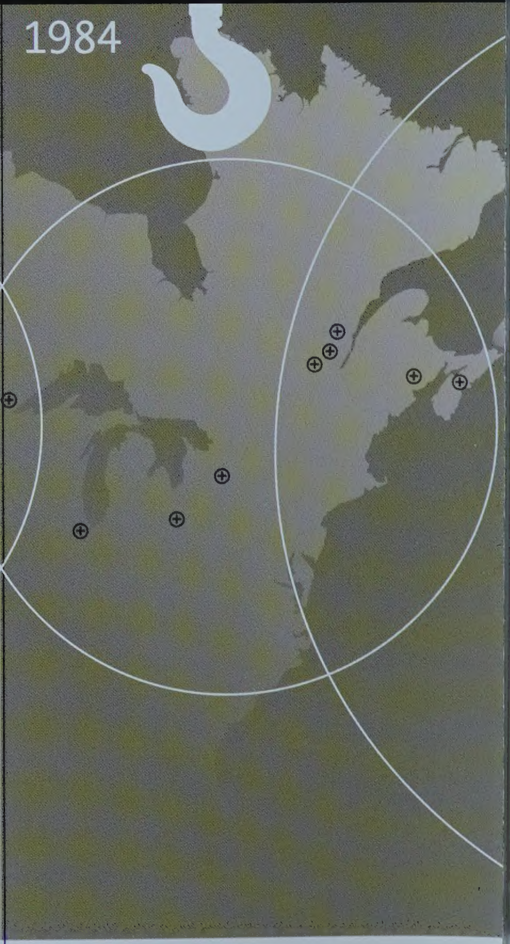
01 ANNUAL REPORT

LOGISTEC

THROUGHOUT THE LAST FIVE DECADES, OUR OBJECTIVE HAS ALWAYS BEEN TO PROVIDE OUR CUSTOMERS WITH QUALITY AND COST-EFFECTIVE CARGO-HANDLING SERVICES ACROSS OUR NETWORK OF PORT FACILITIES THROUGHOUT EASTERN NORTH AMERICA. BY REMAINING FOCUSED ON THE CUSTOMER, LOGISTEC CAN MAXIMIZE SHAREHOLDER VALUE OVER THE LONG TERM.

Clericals working at the first head office of Logistec Corporation.

Quebec Terminals played a key role in the inauguration of the first regular winter line on the St. Lawrence with the arrival in Quebec of the Helga Dan in 1959.



The foundation of Logistec dates back to 1952 in Quebec City. Over the years, a targeted acquisition strategy has driven its expansion along the St. Lawrence River, in the Great Lakes, in Atlantic Canada and, since 1990, at several port facilities along the U.S. East Coast.

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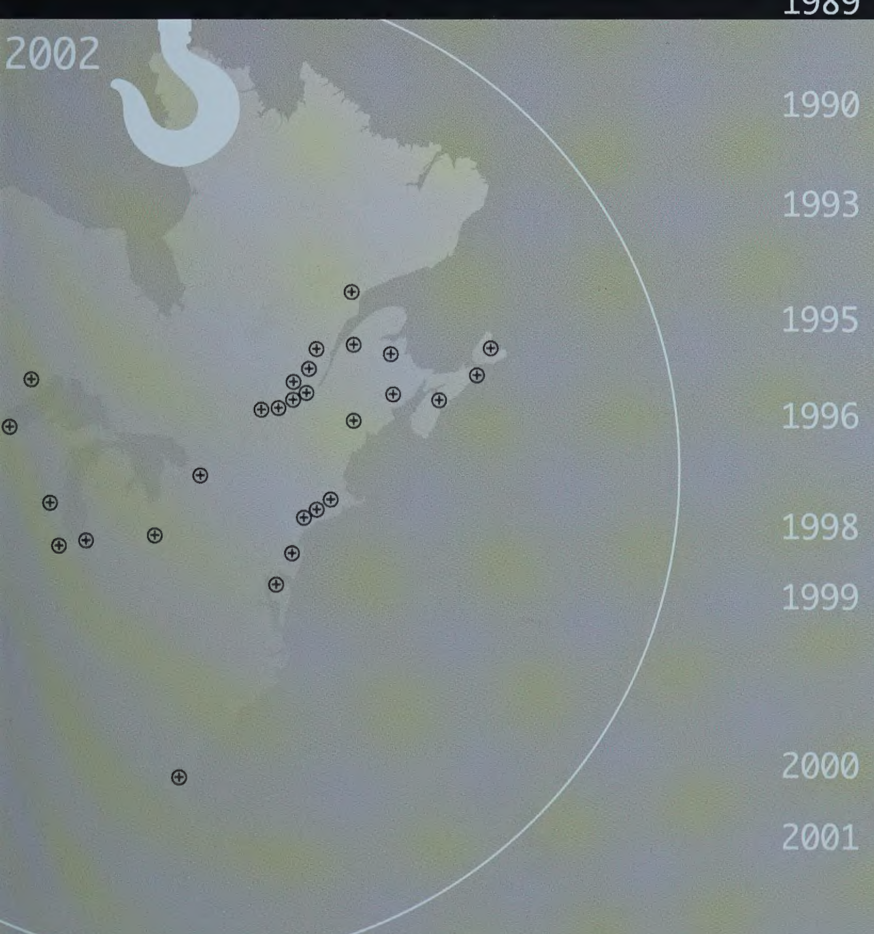


1952 ▶ Founding of Quebec Terminals Ltd., which later became Logistec Corporation.

1959 ▶ Quebec Terminals inaugurates the first regular winter line on the St. Lawrence with the arrival in Quebec City of the ship Helga Dan on February 13th.

1967 ▶ In creating the joint venture SABB, Quebec Terminals is one of the first stevedoring firms to take an interest in container handling along the St. Lawrence.

1969 ▶ Quebec Terminals becomes Logistec Corporation.

Logistec is one of the first medium-sized Quebec companies to list its common shares on the Montreal and Toronto stock exchanges by completing a first public offering for proceeds of some $2 million.

1970 ▶ Acquisition of Three Rivers Shipping, J.C. Malone & Co. and Ramsey Greig & Co.

1971 ▶ Logistec acquires Eastern Canada Stevedoring, the largest stevedoring company in Canada, and thereby secures a foothold in Montreal, the Great Lakes and on Canada's East Coast.

1972 ▶ Logistec moves its head office from Quebec City to Montreal.

1973 ▶ Acquisition of Agence Maritime, a shipping company (this service is now provided by Transport Nanuk).

Logistec completes its second public offering for net proceeds of $3 million.

1977-87 ▶ Further acquisitions in Eastern Canada include: Cullen Stevedoring in 1977, March Shipping in 1978, Brown & Ryan, Wolfe Stevedores, Forterm and Steveco in 1985 and the creation in 1987 of a joint venture, Termont.

1989 ▶ Death of founder Roger Paquin, and appointment of his brother, Jacques Paquin as Chairman of the Board.

1990 ▶ Logistec achieves its first breakthrough in the United States with the founding of the joint venture BalTerm.

1993 ▶ Acquisition of Terminal Maritime Contrecoeur.

Serge Dubreuil becomes President of Logistec Stevedoring.

1995 ▶ Opening of a second terminal in the United States (Connecticut) and acquisition of BTI, a container terminal in Saint John, NB.

1996 ▶ Madeleine Paquin is named President and Chief Executive Officer of Logistec Corporation.

Logistec tops the $100 million mark in revenues.

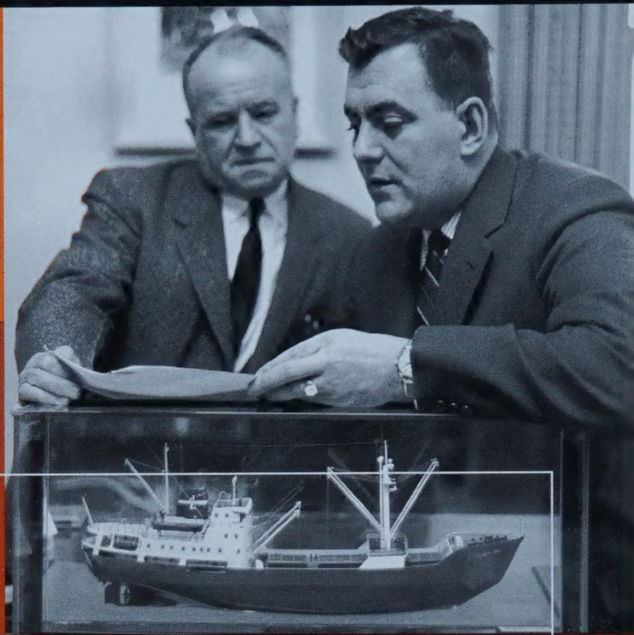
1998 ▶ Acquisition of Marine Port Terminals in Georgia.

1999 ▶ John Springer replaces Jacques Paquin as Chairman of the Board.

Acquisition of the bulk and break-bulk cargo facilities of Federal Marine Terminals in Montreal and Sorel.

2000 ▶ Creation of a joint venture at the Port of Valleyfield, ValTec.

2001 ▶ The Port of Sydney, NS is added to our port terminal network.



***Lucien Paquin** and his son, **Roger Paquin**, founder of Logistec. (photo: 1960)*

THE STRENGTH OF OUR COMMITMENT SINCE 52

MISSION

Logistec provides high quality, specialized cargo handling and other services to its marine and industrial customers through the expertise of its personnel, the use of the latest technologies and a network of strategically located facilities.

Logistec will maximize shareholder value through its focus on customer service, operational excellence and a commitment to growth.

ACTIVITIES

Logistec provides specialized services to the marine community and industrial companies. Services include:

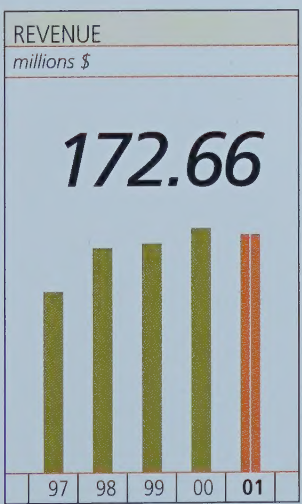
- *Cargo handling at 28 ports in Eastern Canada, the Great Lakes and the Eastern United States;*
- *Agency services to foreign shipowners and operators serving the Canadian market;*
- *Marine transportation services geared primarily to the Arctic coastal trade; and*
- *Management of PCBs, site remediation, risk assessment and rehabilitation of underground pipes and aqueducts.*

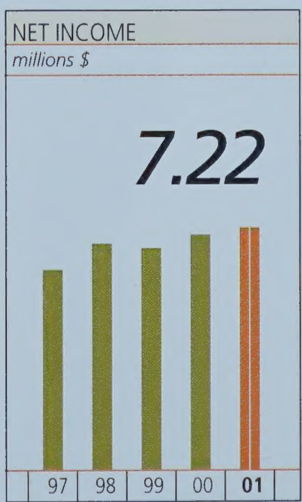
A public company since 1969, Logistec Corporation's shares are listed on the Toronto Stock Exchange under the symbols LGT.A and LGT.B.

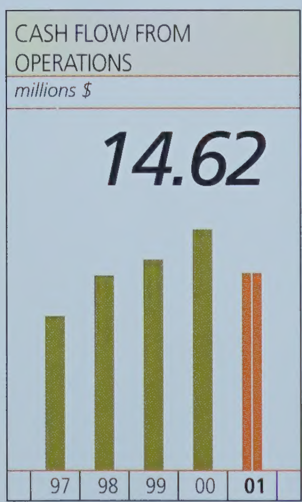
FINANCIAL HIGHLIGHTS

(in thousands of dollars, except where indicated)	**2001**	2000	1999	1998*	1997*	Var. 00-01	Var. 97-01
Financial Results							
Revenue	**172,662**	177,462	167,473	162,962	131,329	(3)%	31 %
Net Income	**7,218**	7,177	6,738	6,907	6,151	1 %	17 %
Cash flow from operations	**14,620**	17,864	15,450	14,413	11,426	(18)%	28 %
Financial Position							
Total assets	**110,612**	108,504	101,188	97,192	71,220	2 %	55 %
Working capital	**16,958**	15,698	9,409	10,785	15,815	8 %	7 %
Long-term debt	**9,652**	14,533	16,368	14,647	9,095	(34)%	6 %
Shareholders' equity	**64,165**	57,325	51,333	46,400	39,515	12 %	62 %
Per Share Information*							
Net Income ($)	**1.10**	1.09	1.03	1.07	0.96	1 %	15 %
Cash flow from operations ($)	**2.23**	2.72	2.36	2.23	1.78	(18)%	25 %
Shareholders' equity ($)	**9.77**	8.74	7.84	7.19	6.14	12 %	59 %
Outstanding shares (weighted average in thousands)	**6,566**	6,558	6,546	6,451	6,435		
Price of shares at December 31:							
Class A ($)	**8.25**	7.00	13.00	12.67	10.67		
Class B ($)	**8.00**	6.00	11.50	12.33	11.00		
Dividends per share							
Class A ($)	**0.22**	0.22	0.21	0.20	0.20		
Class B ($)	**0.242**	0.242	0.231	0.22	0.22		
Selected Ratios							
Return on average equity	**11.88 %**	13.21 %	13.79 %	16.08 %	16.62 %		
Net income/Revenue	**4.18 %**	4.04 %	4.02 %	4.24 %	4.68 %		
Long-term debt/ Shareholders' equity	**15 %**	25 %	32 %	32 %	23 %		
Price of Class B Share/ Earnings	**7.27**	5.50	11.17	11.53	11.50		
Price of Class B Share/ Cash flow from operations	**3.59**	2.21	4.87	5.53	6.19		

** Figures from 1998 and 1997 have been changed in order to reflect the stock split of 1999.*





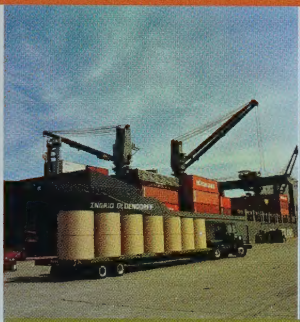


* **Madeleine Paquin**, *President and Chief Executive Officer, and* **John Springer**, *Chairman of the Board*

TRADITION

OVER THE YEARS, WE HAVE SUCCESSFULLY BUILT OUR BRAND, OUR TERMINAL NETWORK, AND A SOLID, GROWING CUSTOMER BASE.

MESSAGE TO SHAREHOLDERS



Logistec Corporation celebrates its 50th anniversary in 2002. The opportunity is ideal to reflect upon the Corporation's track record over the years, its vision and the solid foundation it has built as a leader in the cargo-handling sector at 28 ports across Eastern Canada and the U.S. East Coast.

Internally, the dual features of tradition and innovation have marked the past 50 years. Today, our tradition is crystallized in the core values that bind us all at Logistec:
- **A constant focus on the customer;**
- **Management practices centered on prudent yet profitable growth;**
- **Operational excellence; and**
- **Professionalism.**

Fundamental to our corporate culture are the core values of leadership through innovation and a respect for people inside and outside the Corporation – employees, suppliers, shareholders and customers alike. It is this respect for our employees that motivates us to provide them with a stimulating working environment, invest in their training and empower them to groom our managers as tomorrow's leaders. In doing so, we enhance their ability to maximize customer satisfaction. Similarly, it is by investing in the latest equipment and technology that we can ensure operational excellence for our customers and properly meet their evolving needs. Our management strategy in growing our business is to better leverage our resources and increase our service offerings to customers while allowing our shareholders to benefit from profitable growth.

Externally, over the past 50 years we have witnessed and played a leading role in an economic phenomenon that has highlighted the 20th century, namely the unprecedented expansion of international trade which, just over the last 10 years, has grown 8% per year. We believe that this general trend will continue and will benefit the cargo-handling industry.

Over the years, we have successfully built our brand, our terminal network, and a solid, growing customer base. At the same time, we have stayed profitable year after year since Logistec Corporation's initial public offering in 1969. This strong foundation brings us ever closer to our long-term vision of becoming the choice terminal operator for customers across North America.

PERFORMANCE IN 2001

Sustainable financial health is fundamental in achieving our projects and initiatives. Our overall strategy is designed to maintain a solid financial structure year in and year out, despite the downturns that occasionally affect our industry as a whole. Today, Logistec can count among its customers a number of companies operating in a variety of sectors and territories. This strategy and our geographical diversification help mitigate the impact of economic slowdowns on our financial performance.

04

In 2001, the full merits of our strategy of building upon a strong financial structure and diversified customer base were revealed. Despite the advent of the first recession in a decade and the implementation of protectionist measures in some areas such as steel in the United States, Logistec Corporation achieved consolidated revenues of $172.7 million, down just 3% over 2000. The impact of the decline in business faced by forest products exporters and steel importers was partially offset by an increase in activity at terminals specializing in container and bulk cargo handling.

Net income amounted to $7.2 million or $1.10 per share, up slightly over last year. This increase includes a substantial decrease in taxes due to reduced statutory tax rates and a reevaluation of future income taxes as per CICA recommendations. Operating income actually fell from $11.5 million last year to $8.7 million this year. Cash flow slipped to $14.6 million from $17.9 million a year ago. In light of the economic downturn that emerged over the past year and the reduction of volumes flowing through our terminals, we reduced our labour force and implemented various cost-cutting measures to safeguard our profitability. Although we cut back on our capital investment program, significant upgrades were made to our network in 2001.

A SOURCE OF ONGOING VALUE FOR SHAREHOLDERS

Logistec Corporation's mission toward its shareholders is clear: maximize the value of their investment from a long-term perspective. Achieving this objective entails maximizing profits and cash flows and successfully reinvesting that capital in projects liable to stimulate future revenue and earnings growth in our cargo-handling business, our major sector.

Over the past decade, we have injected $63.3 million into improving and expanding our cargo-handling infrastructure in order to better serve our customers and provide added value to our shareholders. That strategy has enabled us to achieve compound average annual growth of 9% in revenues, 7% in net income and over 10% in cash flows within the same period. We have distributed more than $15.7 million in the form of dividends to our shareholders, or 31.2% of net income for the 10-year period. Furthermore, Logistec has regularly paid dividends since 1969, and payments have grown steadily.

OUTLOOK AND OBJECTIVES: OPERATIONAL EXCELLENCE

Although economic conditions are expected to be challenging in 2002, we will remain focused on achieving operational excellence to maximize throughput and minimize operating costs in all our terminals. While a number of initiatives were implemented and much was accomplished in this regard in 2001, we aim to align fixed costs in our forest products facilities more closely with the revenues they generate, especially in Atlantic Canada and along the U.S. East Coast.

Striving for operational excellence also means keeping a close watch on industry trends and committing the necessary capital expenditures to meet customer requirements. In 2002, we will allocate some $5 million to modernizing our bulk-handling facilities in Montreal, since dry bulk handling accounts for a growing proportion of our business volume. This will reduce handling costs and raise our standards for the protection of the environment.

Internally, our commitment to excellence will entail further investments in training our employees who, as our most precious asset and major competitive advantage, are the driving force behind our future growth. To that end, we have implemented a performance evaluation program designed specifically for our needs and aligned with our values. This program will allow us to better assess the contribution made by individual employees and terminals to our sales, earnings and cash flow growth objectives, and thereby base compensation on the achievement of performance targets. We also set up individualized and group training programs to develop the leadership qualities of our human resources. Such investments in our human resources are especially justified since our success depends directly on understanding what conditions are needed for our customers to succeed and what means we can take to help them do so.

There is no business without customers. In our industry, we deal essentially with world-class companies that have faced and continue to face consolidation. That will undoubtedly lead to fewer players, but those few will be bigger and have greater demands. It is therefore imperative that we invest in the quality of the relationships we have already developed with our customers and our capacity to build new ones.

Logistec Corporation continues to forge ahead by focusing on internal growth and business acquisitions that optimize shareholder value. In 2001, we successfully concluded an outsourcing agreement under which we will annually handle some two to three million tonnes of coal for Nova Scotia Power. Furthermore, we actively pursued our efforts to conclude projects meeting our acquisition criteria and hope to close a transaction in 2002.

Logistec is prepared for the growth and performance challenges ahead. Our Board of Directors is resolutely turned to the future. We also have a solid and experienced management team, committed employees, and a healthy balance sheet that gives us the financial leverage to seize opportunities. Most importantly, we have the energy and confidence to lead Logistec ever closer to our corporate vision.

We were pleased to welcome a new Board member in 2001. David M. Mann is President and Chief Executive Officer of Emera, an energy industry leader in Atlantic Canada. We also strengthened our senior management team through the respective appointments of Michael Vasaturo, as Vice-President, U.S. East Coast, and Jean-Claude Dugas, as Vice-President, Finance.

TRADITION AND INNOVATION

Turning 50 is a milestone in the life of a company. We take the opportunity to thank our customers and shareholders for the confidence they have shown us year after year. We would also like to acknowledge the contribution of all our past and present employees, directors and officers who together have built the business we are so proud of today. Finally, we would like to express a special thought for Roger Paquin, the founder of Logistec Corporation, from whom we inherited a long tradition of excellence rooted in innovation.

John Springer
Chairman of the Board
March 5, 2002

Madeleine Paquin
President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

06

Logistec Corporation provides specialized services to the marine community and to industrial companies. Services are mainly focused in the marine sector with cargo-handling activities in 28 ports located in Eastern North America and marine transportation to the Canadian Arctic communities. Logistec Corporation also offers environmental services.

MARINE SERVICES

In 2001, marine services generated 92.7% of all consolidated revenues of Logistec Corporation.

CARGO HANDLING

Logistec Stevedoring Inc., which is a wholly-owned subsidiary of Logistec Corporation, offers cargo-handling services through a network of strategically located terminals in ports along the St. Lawrence River, in the Great Lakes, along the East Coast of the United States and Atlantic Canada. A new terminal in Sydney, NS was added to this network in 2001. These port facilities are equipped to handle metal products, forest products, fruits and refrigerated cargo, containers or a variety of dry bulk cargo like grain, sugar, gypsum, coal and fertilizer. Logistec is the largest entity in the eastern Canadian cargo-handling industry. In the United States, we are still relatively small, but our intention is to increase our presence through strategic acquisitions.

INNOVATION

IN ORDER TO PERFORM WELL IN THE BUSINESS OF CARGO HANDLING, AN OPERATOR MUST USE SOPHISTICATED EQUIPMENT AND SPECIALIZED HANDLING TECHNIQUES.

In order to perform well in the business of cargo handling, an operator must use sophisticated equipment and specialized handling techniques. These may vary significantly depending on the type of cargo. Logistec's strategy is to specialize to the extent possible the operation of each terminal by concentrating on a limited number of commodities or types of cargo for each site. In doing so, we reduce the need for investment at each facility and develop an expertise that allows us to build economies of scale.

Our strategy to diversify our network geographically combined with the handling of a variety of commodities and a mix of import and export activities normally serves as a "natural" hedge against the volatility of the various sectors in our economy. This ensures a degree of stability in our overall operating results. The efficiency of our model was demonstrated again in 2001. Indeed, during a year when the economy slowed down into a near recession, and the United States increased their protectionist efforts, particularly in the steel and lumber industries, our stevedoring revenues only decreased by 3.2%.

Forest products as a group did not perform well in 2001 compared to 2000. In previous years, when exports of forest products from Canada to the United States slowed down, exports to overseas markets such as Europe and Asia usually increased. This had a positive effect on our results as these tonnages moved via the marine mode and therefore through port facilities such as ours. Unfortunately, in 2001, European and Asian markets were weak and consequently, the volume of overseas exports did not pick up. As a result, our facilities that specialize in forest products, particularly those in Atlantic Canada, experienced a serious slowdown.

We also saw a reduction of our activities in Montreal, QC, Toronto, ON and New Haven, CT where we handle steel products. The year began with strong movements of steel imports, likely due to the market expecting import duties to be imposed by US authorities. However, by mid-year, steel activities declined significantly.

EXCELLENCE

LOGISTEC'S STRATEGY IS TO SPECIALIZE THE OPERATION OF EACH TERMINAL.

On the other hand, with the exception of grain, the volume of bulk cargo transiting in our facilities increased in 2001 versus 2000. Contributing to this increase was the signing of a multi-year contract with Noranda to handle their concentrates at the Port of Montreal. Volumes from Noranda increased in 2001 and are likely to increase in future years. With the closure of mines in northern Quebec, their concentrates must now be imported to supply their Canadian plants. During the year, we also handled increased volumes of sugar due to the increased capacity of the Lantic sugar plant adjacent to the Port of Montreal.

Containers handled in our specialized container terminals also increased in 2001. Specifically in Montreal, the overall volume of containers decreased, but we successfully improved our market share, through the increased volume of the shipping lines we serve.

Our activities in Brunswick, GA continued to show weak results. Efforts were made during the year to increase volumes with limited success, and although cost controls were put in place, the end results were disappointing. We have and are continuing to reduce fixed costs at this site, particularly with respect to staffing and labour.

Overall, the increase in bulk and container volumes was not enough to compensate for the reduced activities in steel and forest products. However, our results of 2001 do demonstrate that our hedging strategy helps to reduce negative impacts of slow economic cycles.

TRANSPORT NANUK INC.

Transport Nanuk Inc., a joint venture in which Logistec Corporation holds a 50% interest, provides shipping services to Canadian Arctic communities.

During the year, Transport Nanuk progressed in the development of its Arctic transportation services with Inuit partners. Nunavut Eastern Arctic Shipping, as the venture is called, carried increased volumes to the Arctic communities and added containerization, packaging and distribution to its service package. The venture was also successful in providing employment to the native people throughout the shipping season. This growing partnership positions Nanuk favourably for future business development.

Transport Nanuk made five full voyages to the Arctic region during 2001 and managed to improve its results over the previous year. The participation of the vessel M/V Umiavut in an international marine pool allows her to be employed during the off-season and thereby avoid lay up expenses during the winter months.

During 2001, the aging M/V Lucien Paquin was sold for approximately her net book value, as she was increasingly expensive to operate.

ENVIRONMENTAL SERVICES

For ten years now, Logistec Corporation has held a majority interest in Sanexen Environmental Services Inc. The past year has witnessed the transformation of Sanexen from a PCB management company into one that focuses on the rehabilitation of underground aqueducts.

Though the company still offers PCB decontamination and management services for equipment and oils, the PCB market has been declining and Sanexen has turned its focus to other activities, which led to the development of Aqua-Pipe. This is a technology used to refurbish underground water pipes without excavation. Sanexen installed 15 kilometres of this special structural pipe in 2001 and considerable development efforts will continue to be invested towards this very promising service.

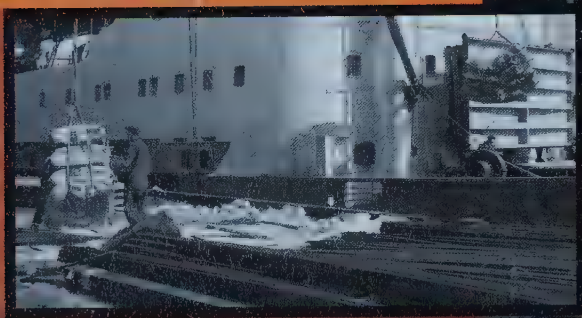
Sanexen has also been marketing its PCB decontamination technologies and equipment abroad. These efforts led to the sale of one of their existing machines to a Mexican operator, creating a gain on the sale of this equipment.

Sanexen is also involved in site restoration and risk analysis.

MINORITY INTEREST

Logistec Corporation records its 15.62% investment in the capital of Quebec Railway Corporation (QRC) using the equity method, so our share of the net earnings of QRC is included in our results in the consolidated statements of income under the heading "share in the results of affiliated companies."

Included in the 2001 results is a gain of $425,000 on the dilution of our investment following QRC's capital restructuring completed at the end of 2000.



OPERATING RESULTS

Logistec's consolidated revenues reached $172.7 million in 2001, a decrease of $4.8 million or 2.7% over 2000 revenues. Operating expenses also decreased in 2001 ending the year at $153.0 million, a reduction of $1.3 million which is 0.8% less than in 2000. Fixed expenses could not be reduced as quickly as revenues though increased efforts have since been made including the reduction of staff and other expenses. The full effect of that measure will be felt in 2002. An additional provision for bad debt of $760,000 was also recorded during the year, negatively affecting the gross margin, due to a major forest products customer that sought protection from bankruptcy in September.

We also had to absorb an increase in municipal taxes at the Port of Montreal. The City of Montreal decided to change the way it taxed the Port of Montreal properties subject to short-term leases, and began taxing the users directly rather than the Montreal Port Authority for real estate taxes, and this, retroactively to 2000. Consequently, the increase in tax bills received was staggering and at that time they totalled over $2.0 million. After considerable efforts and numerous discussions and representations with the City of Montreal and the Montreal Port Authority, we succeeded to limit the impact to an increase of $273,000 in 2001 over the previous year.

The gross margin for 2001 is $19.7 million or 11.4% of revenue, as opposed to $23.2 million or 13.1% of revenues in 2000. It is interesting to note, however, that without the negative impact of the $760,000 bad debt and the $273,000 effect of municipal taxes, the 2001 gross margin would have reached $20.7 million or 12.0% of 2001 revenue, very close to the average gross margin ratio of 12.3% obtained over the last five years.

Depreciation of fixed assets and amortization of goodwill and other assets, respectively at $9.6 million and $656,000 for 2001, are essentially at levels similar to 2000, which reached respectively $9.5 million and $603,000. Interest on long-term debt has decreased in 2001 to $1.4 million compared to $1.6 million in 2000. This reduction is in line with the reduction of the long-term debt.

The gain on disposal of fixed assets of $599,000 was essentially created in Sanexen with the sale of the decontamination unit on the international market, as explained earlier.

As discussed previously, the gain on dilution on an investment in an affiliated company of $425,000 reported in 2001 is related to the capital restructuring of QRC. We are reporting earnings before taxes of $9.8 million in 2001 compared to $12.0 million in 2000, a reduction of $2.2 million. Income taxes for 2001 totalled $2.5 million, which represents a 25.4% effective tax rate, compared to $4.8 million in 2000 (40.2% effective tax rate). Explanations for this significant reduction are as follows:

Impact of reduction in pretax earnings and statutory income tax rate	$1,290,000
Non-taxable gain and earnings from QRC	$ 405,000
Change in rate for future income tax calculation	$ 688,000
Others	$ (34,000)
	$2,349,000

Logistec Corporation is reporting net earnings of $7.218 million in 2001, an increase of $41,000 over the reported net earnings of $7.177 million in 2000. This translates into earnings per share of $1.10 for 2001, compared to $1.09 in 2000.

LIQUIDITY AND CASH RESOURCES

Cash flow provided from operations totalled $14.6 million in 2001, a reduction of $3.2 million over 2000.

These funds were essentially used to purchase new fixed assets for $6.6 million, repay $5.0 million out of the long-term debt and pay $1.5 million of dividends to our shareholders.

Capital expenditures for 2001 mainly maintained or replaced currently owned assets. The Company usually spends $6.0 million to $8.0 million per year in fixed asset expenditures to maintain its operations.

It is interesting to note that over the past 5 years the cash flow provided from operations has exceeded $10.0 million each year and totalled $73.7 million over that period. During the same time span, $47.8 million were applied to acquisitions of fixed assets and $7.1 million were used to pay dividends.

Cash and cash equivalents at the end of 2001 were $11.6 million, an increase of $4.3 million over 2000.

Working capital also improved in 2001 to close at $17.0 million and a current ratio of 1.54:1, compared to $15.7 million in 2000 with a current ratio of 1.51:1. At $9.7 million at the end of 2001, the long-term debt is lower than the balance of 2000 by $4.9 million.

The debt to equity ratio at December 31, 2001 was 15.0%, compared to 25.4% in 2000.

Early in 2002, Logistec Corporation signed an agreement with its main bank, HSBC, regarding credit facilities. This renders available a line of credit of up to $21.2 million, and approximately $23.0 million of available credits for term loans of which $9.8 million were used as at December 31, 2001. The major change in the banking agreement entails that specific guarantees on assets will be released and the credits will be backed by corporate guarantees from Logistec Corporation and its subsidiary Logistec USA Inc.

ACCOUNTING POLICIES

Effective January 1, 2001, Logistec Corporation adopted the revised recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook section 3500, *Earnings Per Share (EPS)*. The revised section requires the presentation of both basic and diluted EPS on the face of the income statement regardless of the materiality of the difference between them.

In the first quarter of 2001, the Company also adopted the new recommendations of the CICA Handbook section 1751, *Interim Financial Statements*, which change the requirements for the presentation and disclosure of interim financial statements and the accompanying notes.

OUTLOOK

Logistec will continue to be affected by the volatility of the industries it serves. These effects are somewhat mitigated by the variety of cargoes, the geographic diversification of its terminals and the balance between import and export customers. Although we do expect volumes of inbound steel to remain low, container and bulk activity will likely increase. In particular, we are pleased to have been chosen to handle and transport up to 3 million tonnes of coal from the port of Sydney, NS to two Nova Scotia Power plants in Cape Breton. This business was awarded in late 2001 and will add some $12 million of revenues in 2002.

Finally, we continue to actively search for growth opportunities. Our financial stability and strong balance sheet position us well for potential acquisitions of cargo-handling companies that will complement our network and consolidate our profitability.

Jean-Claude Dugas
Vice-President, Finance

SELECTED QUARTERLY DATA (1997-2001)

(in thousands of dollars, except per share data)

2001	Q1	Q2	Q3	Q4	Year
Revenues	38,183	42,183	44,150	48,146	172,662
EBITDA*	2,906	5,206	4,438	7,160	19,710
Earnings before taxes	951	2,605	1,157	5,090	9,803
Net earnings	629	1,505	966	4,118	7,218
Operating cash flow	1,863	3,789	3,991	4,977	14,620
Earnings per share	0.10	0.23	0.14	0.63	1.10

2000	Q1	Q2	Q3	Q4	Year
Revenues	34,317	42,851	50,160	50,134	177,462
EBITDA*	1,099	5,060	7,819	9,236	23,214
Earnings before taxes	(1,291)	2,394	4,811	6,133	12,047
Net earnings	(699)	1,438	2,835	3,603	7,177
Operating cash flow	1,329	3,673	5,452	7,410	17,864
Earnings per share	(0.11)	0.22	0.43	0.55	1.09

1999	Q1	Q2	Q3	Q4	Year
Revenues	32,412	41,276	49,335	44,450	167,473
EBITDA*	2,024	5,529	7,018	6,242	20,813
Earnings before taxes	231	3,326	4,048	3,268	10,873
Net earnings	93	1,960	2,387	2,298	6,738
Operating cash flow	1,651	3,779	5,093	4,927	15,450
Earnings per share	0.01	0.30	0.37	0.35	1.03

1998	Q1	Q2	Q3	Q4	Year
Revenues	28,217	38,500	49,533	46,712	162,962
EBITDA*	1,158	4,447	7,595	7,394	20,594
Earnings before taxes	(527)	2,647	4,538	4,989	11,647
Net earnings	(140)	1,356	2,671	3,020	6,907
Operating cash flow	1,082	2,825	4,955	5,551	14,413
Earnings per share**	(0.02)	0.21	0.41	0.47	1.07

1997	Q1	Q2	Q3	Q4	Year
Revenues	24,525	31,696	38,634	36,474	131,329
EBITDA*	389	3,128	5,794	6,356	15,667
Earnings before taxes	(661)	1,939	4,038	5,056	10,372
Net earnings	(458)	1,079	2,313	3,217	6,151
Operating cash flow	471	2,067	4,060	4,828	11,426
Earnings per share**	(0.07)	0.17	0.36	0.50	0.96

* *Earnings before interest, taxes, depreciation and amortization*

** *Earnings per share of 1998 and 1997 have been changed in order to reflect the stock split of 1999.*

DIRECTORS

(from left to right)

Pierre Martin[1,2]
President and Chief Executive Officer
ALSTOM Canada Inc. and
Chairman of the Board
Quebec Railway Corporation Inc.

Suzanne Paquin[3]
President
Transport Nanuk Inc.

Brian W. Mitchell, C.A.[2,3,4]
President
Schuss Holdings Ltd.

George Gugelmann[1,4]
Private Investor

David M. Mann[1,4]
President and
Chief Executive Officer
Emera Inc.

Serge Dubreuil, Eng.[3]
President
Logistec Stevedoring Inc.

Norman Wolfe[4]
Secretary-treasurer
Norlau Holdings Inc.

Hon. J. Judd Buchanan[1,2]
Chairman
Canadian Tourism Commission and
President
Rundle Investments Ltd.

John Springer[1,2,3]
President
Biehl International Corporation

Madeleine Paquin[3,4]
President and Chief Executive Officer
Logistec Corporation

Michael B. Harding, Eng.[1,2,3,4]
Company Director

1 Member of the Audit Committee
2 Member of the Remuneration Committee
3 Member of the Executive Committee
4 Member of the Pension Committee

OFFICERS

John Springer
Chairman of the Board

Michael B. Harding, Eng.
Vice-Chairman of the Board

Madeleine Paquin
President and Chief Executive Officer

Serge Dubreuil, Eng.
Vice-President, Stevedoring

Jean-Claude Dugas, C.A.
Vice-President, Finance

Pierre Lefebvre
Vice-President,
Human Resources

Guy Lequient
Vice-President,
Corporate Development

Suzanne Paquin
Vice-President

Jean-Guy Bernier, C.G.A.
Treasurer
Assistant Secretary

Stéphane Bourque, C.A.
Corporate Controller

Ingrid Stefancic
Corporate Secretary

MANAGEMENT'S REPORT

Logistec Corporation's Annual Report for the year ended December 31, 2001 and the financial statements included therein were prepared by the Company's Management and approved by the Board of Directors.

The Audit Committee of the Board is responsible for reviewing the financial statements and for ensuring that the Company's internal control systems and management policies are appropriate to the activities of the Company, and the financial statements are prepared in accordance with accounting principles generally accepted in Canada.

The financial statements have been audited by Samson Bélair/Deloitte & Touche, Chartered Accountants and their report follows.

John Springer	Madeleine Paquin
Chairman of the Board	President and Chief Executive Officer

AUDITORS' REPORT

To the Shareholders of
Logistec Corporation

We have audited the consolidated balance sheets of Logistec Corporation as at December 31, 2001 and 2000 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Samson Bélair
Deloitte & Touche

Chartered Accountants
February 25, 2002

CONSOLIDATED STATEMENTS OF INCOME

years ended December 31 *(in thousands of dollars, except for amounts pertaining to shares)*	**2001** **$**	2000 $
Revenue	**172,662**	177,462
Operating expenses	**152,952**	154,248
Margin from operations	**19,710**	23,214
Depreciation of fixed assets	**9,607**	9,517
Amortization of goodwill and other assets	**656**	603
Interest on long-term debt	**1,373**	1,568
Gain on disposal of fixed assets	**(599)**	–
	11,037	11,688
Income from operations	**8,673**	11,526
Gain on dilution of an investment in an affiliated company	**425**	–
Share in the results of affiliated companies	**705**	521
	1,130	521
	9,803	12,047
Income taxes (Note 2)	**2,494**	4,843
	7,309	7,204
Non-controlling interests	**91**	27
Net income	**7,218**	7,177
Basic and diluted earnings per share (Note 3)	**1.10**	1.09
Weighted average number of shares outstanding	**6,565,611**	6,557,811

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

years ended December 31 *(in thousands of dollars)*	**2001** **$**	2000 $
Balance at beginning	**43,478**	37,802
Net income	**7,218**	7,177
	50,696	44,979
Dividends	**1,503**	1,501
Balance at end	**49,193**	43,478

CONSOLIDATED BALANCE SHEETS

as at December 31 *(in thousands of dollars)*	2001 $	2000 $
Assets		
Current assets		
Cash	**11,600**	7,313
Accounts receivable	**33,144**	35,011
Income taxes	**791**	1,330
Future income taxes	**224**	313
Prepaid expenses	**2,886**	2,642
	48,645	46,609
Investments (Note 4)	**5,281**	4,166
Fixed assets (Note 5)		
Cost	**119,011**	114,857
Accumulated depreciation	**67,855**	62,058
	51,156	52,799
Other assets (Note 6)	**4,342**	4,498
Future income taxes	**1,188**	432
	110,612	108,504
Liabilities		
Current liabilities		
Short-term bank loans (Note 7)	**1,389**	2,416
Accounts payable and accrued liabilities	**20,677**	20,277
Deferred revenue	**2,259**	2,154
Income taxes	**471**	691
Dividends	**376**	375
Current portion of long-term debt (Note 8)	**6,515**	4,998
	31,687	30,911
Long-term debt (Note 8)	**9,652**	14,533
Provision for inspection of vessels	**155**	392
Future income taxes	**4,053**	4,534
Non-controlling interests	**900**	809
Shareholders' equity		
Capital stock (Note 10)	**13,278**	13,226
Cumulative currency translation adjustments	**1,694**	621
Retained earnings	**49,193**	43,478
	64,165	57,325
	110,612	108,504

On behalf of the Board

John Springer

Madeleine Paquin

CONSOLIDATED STATEMENTS OF CASH FLOWS

years ended December 31 *(in thousands of dollars)*	**2001** **$**	2000 $
Operating activities		
Net income	**7,218**	7,177
Items not affecting cash (Note 11)	**7,402**	10,687
Cash provided from operations	**14,620**	17,864
Changes in non-cash working capital components (Note 11)	**2,856**	649
	17,476	18,513
Financing activities		
Short-term bank loans	**(1,027)**	(3,752)
Long-term debt	**250**	1,297
Repayment of long-term debt	**(5,036)**	(5,130)
Non-controlling interests	**–**	29
Payments to non-controlling interests	**–**	(185)
Issue of shares, net of related costs	**52**	56
Dividends paid	**(1,503)**	(1,501)
	(7,264)	(9,186)
Investing activities		
Fixed assets	**(6,583)**	(6,754)
Other assets	**(524)**	(970)
Proceeds from disposal of an investment in a joint venture	**–**	300
Proceeds from disposal of investments and fixed assets	**890**	1,031
Dividends received from affiliated companies	**13**	34
	(6,204)	(6,359)
Cumulative currency translation adjustments	**279**	(91)
Net change in cash	**4,287**	2,877
Cash at beginning	**7,313**	4,436
Cash at end	**11,600**	7,313
Working capital		
Current assets	**48,645**	46,609
Current liabilities	**31,687**	30,911
	16,958	15,698

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

years ended December 31, 2001 and 2000
(column figures are in thousands of dollars)

1) Significant accounting policies

Consolidation
The consolidated financial statements include the accounts of the Company and its subsidiaries. Acquisitions of all subsidiaries are accounted for by the purchase method, and results of operations are included in the consolidated financial statements from the date of acquisition of control. Investments in joint ventures are accounted for by the proportionate consolidation method. All intercompany transactions are eliminated.

Investments
The investments in the affiliated companies are accounted for under the equity method. Other investments are stated at cost.

Fixed assets and depreciation
Fixed assets are stated at cost and are depreciated on the straight-line method at annual rates calculated on their estimated useful lives. The gain or loss on disposal of fixed assets is included in income.

Revenue recognition
The Company's revenue is mainly derived from stevedoring related activities. Deferred revenue is reported for tailgating services billed but not yet provided.

Goodwill
Goodwill represents the excess of investment costs in subsidiaries over the value of their net tangible assets. The Company periodically reviews the net carrying amount of its goodwill to determine its recovery on a long-term expectation, using the undiscounted future cash flow method. The Company amortizes its goodwill under the straight-line method over periods that do not exceed forty years.

Provision for inspection of vessels
Each year, the Company accrues an amount necessary to cover the estimated cost of surveys required on each vessel.

Incomes taxes
The Company follows the liability method of accounting for income taxes. Under this method, future income taxes are recognized based on the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax basis, using the enacted income tax rates for the years in which the differences are expected to reverse.

Currency translation
Revenue and expense items arising from transactions in foreign currencies are converted into Canadian dollars at the rates in effect on transaction dates. Asset and liability monetary items on the balance sheets are translated into Canadian dollars at the rates in effect at the balance sheet date; non-monetary items are translated at the rates in effect on the transaction dates. Exchange gains or losses arising from translations of monetary items are recognized in income.

The Company's foreign operations are self-sustaining. Assets and liabilities are translated at the rates in effect at the balance sheet date; revenue and expense items are translated at the rates in effect on transaction dates. Gains or losses arising from translation are deferred and recorded in the balance sheet under the heading "Cumulative currency translation adjustments".

Employee future benefits
The cost of pensions is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair market value.

The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

The Company created a transitional asset, which is the unrecognized amount of the fair value of plan assets less the accrued benefit obligation, less any accrued asset recorded in the financial statements. The transitional asset is amortized on a straight-line basis over the average remaining service period of active employees under the pension plan.

Earnings per share
Effective January 1, 2001, the Company adopted the revised recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook section 3500, *Earnings per Share*. The basic and diluted earnings per share, for each year, have been calculated using the treasury stock method.

12 Income taxes

The following table is a reconciliation of the difference between the statutory income tax rate and the effective income tax rate:

	2001 %	2000 %
Statutory income tax rate	**36.25**	39.27
Impact of the new rate on calculation of future income taxes	**(7.02)**	–
Share in the results of affiliated companies	**(4.20)**	(1.53)
Other	**0.41**	2.46
Effective income tax rate	**25.44**	40.20

Income tax expense for the year is as follows:

	2001 $	2000 $
Current	**3,642**	3,369
Future	**(1,148)**	1,474
	2,494	4,843

As at December 31, future income taxes are as follows:

	2001 $	2000 $
Fixed assets	**4,264**	4,511
Unused tax losses	**(2,039)**	(455)
Others	**416**	(267)
	2,641	3,789

13 Earnings per share

The weighted average number of shares outstanding utilized in the calculation of diluted earnings per share amounted to 6,581,460 (6,575,596 in 2000) for the year ended December 31, 2001. The diluted earnings per share is calculated using the dilutive stock options.

Options to purchase 230,000 shares at prices varying between $8.43 and $12.67 were outstanding during the year but were not included in the computation of diluted earnings per share because the options exercise price was greater than the average market price of the common shares.

14 Investments

	2001 $	2000 $
Affiliated companies	**5,211**	4,093
Other	**70**	73
	5,281	4,166

05 Fixed assets

	Rates	Cost	Accumulated depreciation	Net amount
				2001
	%	**$**	**$**	**$**
Land	–	**23**	**–**	**23**
Buildings	5 to 20	**8,679**	**2,962**	**5,717**
Vessels	8 to 11	**7,239**	**3,022**	**4,217**
Machinery and equipment	7 to 33	**79,200**	**52,803**	**26,397**
Computer equipment	14 to 25	**2,794**	**1,925**	**869**
Furniture and fixtures	10 to 33	**2,336**	**1,342**	**994**
Leasehold improvements	10 to 25	**14,212**	**5,219**	**8,993**
Construction in progress	–	**1,518**	**–**	**1,518**
Machinery and equipment held under capital leases	7 to 33	**3,010**	**582**	**2,428**
		119,011	**67,855**	**51,156**

	Rates	Cost	Accumulated depreciation	Net amount
				2000
	%	$	$	$
Land	–	23	–	23
Buildings	5 to 20	7,544	2,474	5,070
Vessels	8 to 11	10,328	5,165	5,163
Machinery and equipment	7 to 33	76,167	47,644	28,523
Computer equipment	14 to 25	2,619	1,820	799
Furniture and fixtures	10 to 33	2,068	1,081	987
Leasehold improvements	10 to 25	13,144	3,533	9,611
Construction in progress	–	672	–	672
Machinery and equipment held under capital leases	7 to 33	2,292	341	1,951
		114,857	62,058	52,799

06 Other assets

	2001	2000
	$	$
Goodwill		
Cost	**7,394**	13,201
Accumulated amortization	**4,422**	9,960
	2,972	3,241
Other	**1,370**	1,257
	4,342	4,498

07 Short-term bank loans

The lines of credit at rates varying from banker's prime rate minus 1% to banker's prime rate, total $17,068,295 and are secured by a movable hypothec covering the Company's eligible accounts receivable and certain other assets. As at December 31, 2001, these assets amount to $34,148,889 ($24,607,548 in 2000) and the lines of credit used amount to $1,389,041 ($2 416,000 in 2000).

Long-term debt

	2001 $	2000 $
Bank loans, secured by a movable hypothec of an amount of $18,000,000 covering the moveable assets and the machinery and equipment of the Company		
• bearing interest at 8.17%, payable in quarterly installments of $350,000, repaid in 2001	–	700
• bearing interest at 7.12%, payable in quarterly installments of $178,571 and a final payment of $1,607,143, maturing in 2002	**2,143**	2,857
• bearing interest at 7.87%, payable in quarterly installments of $250,000 beginning in 2001, maturing in 2006	**4,500**	5,000
Notes payable		
• bearing interest at 7.37%, secured by fixed assets of a net book value of $1,669,063 payable in quarterly installments of $199,100, maturing in 2003	**1,593**	2,249
• bearing interest at 7.37%, secured by certain machinery and equipment of a net book value of $2,169,531, payable in monthly installments of $63,820, maturing in 2003	**1,595**	2,163
• bearing interest at 6.5%, payable from 2005, maturing in 2015	**796**	750
• bearing interest at 7%, secured by a letter of guarantee for an amount of $747,221, payable in monthly installments of $64,655, maturing in 2002	**318**	1,043
• bearing interest at 8.3%, secured by a movable hypothec covering all the assets of a joint venture, payable in monthly installments of $17,686, maturing in 2004	**521**	707
• bearing interest at prime plus 0.5% and at 9.5%, payable in monthly installments of $4,320, maturing in 2006	**179**	208
Term credit facility maturing in 2010 in the form of banker's acceptances, bearing interest at 2.33%, renegotiable in March 2002, but not expected to be repaid in the short-term(*)	**1,913**	2,099
Obligations under capital leases, bearing interest at rates varying from 3.8% to 11.54% and at prime rate plus 0.75%, payable in monthly installments maturing up to 2006	**2,051**	1,667
Other	**558**	88
	16,167	19,531
Current portion of long-term debt	**6,515**	4,998
	9,652	14,533

(*) A company's joint venture has secured the credit facility by a moveable hypothec of $8,500,000 and each partner guaranteed $1,500,000 in favor of the joint venture.

The long-term debt matures as follows:

	Obligations under capital leases			Other debts	Total
Years	Minimum payments $	Interest $	Principal $	Principal $	principal repayments required $
2002	**1,096**	**131**	**965**	**5,550**	**6,515**
2003	**662**	**26**	**636**	**3,160**	**3,796**
2004	**197**	**18**	**179**	**1,416**	**1,595**
2005	**168**	**16**	**152**	**1,334**	**1,486**
2006	**132**	**13**	**119**	**822**	**941**
Thereafter	**–**	**–**	**–**	**1,834**	**1,834**
	2,255	**204**	**2,051**	**14,116**	**16,167**

09 Financial instruments

The financial risk is the risk to the Company's income that arises from fluctuations in interest rates and foreign exchange rates, and the degree of volatility of these rates. The Company does not presently use derivative instruments to reduce its exposure to interest. The foreign currency risk is managed due to the fact that the American subsidiaries have sufficient total cash inflow to meet their disbursements in United States currency.

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company conducts a thorough assessment of credit issues prior to committing to the investment and actively monitors the financial health of its investees on an ongoing basis. In addition, the Company is exposed to credit risk from customers. However, the Company's businesses have a large number of diverse customers which minimizes concentration of credit risk.

Fair values of financial assets and liabilities and long-term debt approximate the carrying amounts at which these instruments are recorded in the consolidated balance sheets.

10 Capital stock

Authorized

Unlimited number	of Class A Common Shares, without par value, 30 votes per share, convertible into Class B Subordinate Voting Shares at the holder's discretion
Unlimited number	of Class B Subordinate Voting Shares, without par value, one vote per share, entitling their holders to receive a dividend equal to 110% of any dividend declared on each Class A Common Share

		2001 **$**	2000 $
Issued and paid			
3,928,990	Class A Common Shares	**5,193**	5,193
2,640,071	Class B Subordinate Voting Shares (2,633,171 in 2000)	**8,085**	8,033
		13,278	13,226

In 2000, the Company amended its articles of incorporation by the cancellation of 30,000 Class A Preference shares that the Company was authorized to issue, none of which were issued and outstanding.

In 2000, 1,707 Class A Common Shares were converted into 1,707 Class B Subordinate Voting Shares.

During the year, pursuant to the Employee Stock Purchase Plan, 6,900 Class B Subordinate Voting Shares (8,700 in 2000) were issued for a cash consideration of $4,494 ($6,020 in 2000) and for non-interest-bearing loans of $47,187 ($50,269 in 2000).

As at December 31, 2001, 290,000 Class B Subordinate Voting Shares were reserved for issuance pursuant to the Executive Stock Option Plan, for which 275,000 options have been granted. Under another stock option agreement, 30,000 Class B Subordinate Voting Shares were reserved for issuance, on which options were granted.

The options granted are represented at the following conditions:

Number of shares	Price $	Expiry date
75,000	6.17	July 15, 2003
60,000	10.67	March 11, 2004
15,000	10.92	March 11, 2005
30,000	12.67	April 20, 2006
125,000	8.43	August 1, 2008(*)

(*) Granted in 2001, the options will be vested on a 20% basis every year, over five years.

Statement of cash flows

A) Items not affecting cash

	2001 $	2000 $
Depreciation and amortization	**10,263**	10,120
Future income taxes	**(1,148)**	1,474
Share in the results of affiliated companies	**(705)**	(521)
Gain on dilution of an investment in an affiliated company	**(425)**	–
Other	**(583)**	(386)
	7,402	10,687

B) Changes in non-cash working capital components

	2001 $	2000 $
Accounts receivable	**2,188**	(3,836)
Income taxes	**319**	149
Prepaid expenses	**(157)**	121
Accounts payable and accrued liabilities	**400**	3,275
Deferred revenue	**105**	1,018
Working capital on disposal of joint venture	**–**	(78)
Dividends	**1**	–
	2,856	649

C) Fixed assets

During the year, fixed assets were acquired at an aggregate cost of $1,064,811, and were financed by long-term debt.

D) Supplemental information

	2001 $	2000 $
Interest paid	**1,672**	2,351
Income taxes paid	**3,324**	3,220

Commitments

- The Company is committed until 2016, under lease agreements to rent offices and port facilities for an amount of $46,280,370. The minimum amounts payable over the next five years are as follows:

	$
2002	**5,898**
2003	**5,857**
2004	**5,726**
2005	**5,402**
2006	**4,602**

- The purchase agreement of a business includes a conditional clause with regard to the signature of a contract with a client and the maintenance of a determined minimum level of activities. If the condition is met, the Company will pay the seller an amount of $200,000 annually, bearing interest at 7% for the next three years.

Contingencies

- As at December 31, 2001, the Company had outstanding letters of guarantee for an amount of $3,403,487 ($1,689,000 in 2000) relating to financial guarantees issued in the normal course of business.
- In 1997, a subsidiary of the Company received a grant for an amount of $1,000,000. This grant was accounted for as a reduction in fixed assets. This grant is conditional upon attaining a determined payroll expense. Under default circumstances, the grant is repayable in full or in part.

14 Employee future benefits

The Company has various defined benefit and contribution plans providing pension to most of its employees.

The following tables present information concerning the defined benefit plans, established by independent actuaries.

	2001 $	2000 $
Benefit Obligation		
Balance at beginning of year	**15,411**	14,549
Service cost	**279**	245
Interest	**1,075**	1,008
Employees' contributions	**240**	180
Plan amendments	**99**	295
Actuarial losses (gains)	**1,138**	(97)
Benefits paid	**(959)**	(769)
Balance at end of year	**17,283**	15,411
Fair value of plans' assets		
Balance at beginning of year	**17,793**	16,992
Actual return on plan assets	**966**	1,276
Employer contributions	**235**	114
Employees' contributions	**240**	180
Benefits paid	**(959)**	(769)
Balance at end of year	**18,275**	17,793
Reconciliation of funded status		
Funded status – surplus	**992**	2,382
Unamortized net actuarial loss	**1,553**	38
Unamortized net transitional asset	**(2,262)**	(2,492)
Unamortized past service cost	**357**	295
Valuation allowance	**(730)**	(362)
Accrued benefit liability	**(90)**	(139)

The following table provides the amounts recognized in the consolidated balance sheets as at December 31:

	2001 $	2000 $
Accrued benefit liability	**(744)**	(638)
Prepaid benefit costs	**654**	499
Accrued benefit liability	**(90)**	(139)

The following table provides the net expense in the consolidated income statements for the year ended December 31:

	2001 $	2000 $
Service cost	**279**	245
Interest on the benefit obligation	**1,075**	1,008
Expected return on plan assets	**(1,444)**	(1,353)
Amortization of past service costs	**37**	–
Amortization of transitional asset	**(230)**	(230)
Valuation allowance	**368**	362
Net expense on the defined benefit plans	**85**	32
Net expense on the defined contribution plans	**100**	31
Net expense for all pension plans	**185**	63

14 Employee future benefits (continued)

The significant assumptions used in the measurement of the Company's accrued benefit obligations are as follows:

	2001	2000
	%	%
Discount rate	**6.5**	7
Expected return on plan assets	**8**	8
Rate of compensation increase	**4**	4

15 Equity in joint ventures

The Company's operations include joint ventures which are accounted for by the proportionate consolidation method. The Company's 50% equity interests are in the following joint ventures: Termont Terminal Inc., Transport Nanuk Inc., Baltimore Forest Products Terminals, Quebec Mooring Inc., Soterm Inc., M.S.J.-Logistec Stevedoring and Valtec, General Partnership.

The Company's investments in and its proportionate share of joint venture operations are summarized as follows:

	2001	2000
	$	$
Balance sheets		
Current assets	**6,764**	5,056
Current liabilities	**(4,168)**	(3,696)
Fixed assets	**9,304**	10,790
Long-term debt	**(3,102)**	(2,453)
Other	**(74)**	(1,472)
Investments in joint ventures	**8,724**	8,225
Income statements		
Revenue	**35,153**	28,844
Expenses	**30,307**	25,728
Interest on long-term debt	**187**	159
Income taxes	**1,582**	1,051
	32,076	26,938
Income from joint ventures	**3,077**	1,906

16 Segmented information

The financial information by geographic segment is as follows:

	Canada	U.S.	Total
	$	$	$
2001			
Revenue	**109,731**	**62,931**	**172,662**
Fixed assets and goodwill	**34,416**	**19,712**	**54,128**
2000			
Revenue	115,424	62,038	177,462
Fixed assets and goodwill	38,018	18,022	56,040

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HSBC Bank USA

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Royal Bank of Canada

People's Bank

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